

State Historic Preservation Office  
Office of Archives and History  
Division of Historical Resources  
North Carolina Department of Cultural Resources

**State Mill Rehabilitation Tax Credits**  
N.C. General Statute (GS) 105-129.70 through .75

The “mills bill,” prompted by the closure of many textile, tobacco and furniture plants during the past decade, is considered a major economic development initiative. This incentive will enhance the economic feasibility of reusing many of the state's former industrial sites. State tax credits are available for the rehabilitation of income- and nonincome-producing historic mill properties. The mill rehabilitation tax credit measures provide:

- **In development tier\* one or two counties, a 40% state tax credit** for the “certified rehabilitation” of **income-producing historic structures** that also qualify for the **20% federal investment tax credit**. In effect, the combined federal-state credits reduce the cost of a certified rehabilitation of an income-producing historic structure by 60%.
- **In development tier\* three counties, a 30% state tax credit** for the “certified rehabilitation” of **income-producing historic structures** that also qualify for the **20% federal investment tax credit**. In effect, the combined federal-state credits reduce the cost of a certified rehabilitation of an income-producing historic structure by 50%.
- **In development tier\* one or two counties, a 40% state tax credit** for the “certified rehabilitation” of **nonincome-producing historic structures**. There is no equivalent federal credit for such rehabilitations.
- In development tier\* three counties, a state mill tax credit for the rehabilitation of nonincome-producing historic structures is not available. However the 30% state historic rehabilitation tax credit is still available.
- The state mill rehabilitation tax credit is available in lieu of (as opposed to in addition to) the state historic rehabilitation tax credit.

**Eligible Site**

An owner may request a preliminary determination of site eligibility from the State Historic Preservation Officer\*\* prior to commencement of rehabilitation work. The property must be an “eligible site” which is a site located in this State that satisfies **all of the following conditions**.

- It is a “certified historic structure” or a State-certified historic structure that is individually listed in the National Register of Historic Places or is certified by the State Historic Preservation Officer as contributing to the historic significance of a National Register Historic District or a locally designated historic district certified by the United States Department of the Interior.
- It was used as a manufacturing facility or for purposes ancillary to manufacturing, as a warehouse for selling agricultural products, or as a public or private utility.
- It has been at least eighty percent (80%) vacant for a period of at least two years immediately preceding the date the “eligibility certification” is made.
- The cost certification documents that the qualified rehabilitation expenditures for a site for which a taxpayer is allowed a credit under section 47 of the Code or the rehabilitation expenses for a site for which the taxpayer is not allowed a credit under section 47 of the Code exceed three million dollars (\$3,000,000) for the site as a whole.

**Eligibility Certification**

An owner must obtain the “eligibility certification” from the State Historic Preservation Officer\*\* after the rehabilitation work is completed certifying that the applicable facility comprises an “**eligible site**” and that the rehabilitation is a “**certified rehabilitation**.”

This information describes the state mill rehabilitation tax credit program in very general terms only. Taxpayers should consult a professional tax advisor, the North Carolina Department of Revenue, or the Internal Revenue Service for help in determining the tax and other financial implications of any matter discussed here. For further information regarding the procedures for obtaining state mill rehabilitation tax credit certifications, contact:

Tim E. Simmons, Senior Preservation Architect and Tax Credit Coordinator

Restoration Branch, N.C. State Historic Preservation Office

4617 Mail Service Center, Raleigh, NC 27699-4617

Telephone: 919/733-6547x242; Fax: 919/715-4801; Email: [tim.simmons@ncmail.net](mailto:tim.simmons@ncmail.net); Web site: [www.hpo.dcr.state.nc.us](http://www.hpo.dcr.state.nc.us)

\*2007 Development Tier Designations by the N.C. Department of Commerce

2007 3J County Tier Designations			
ALAMANCE	2	FRANKLIN	3
ALEXANDER	2	GASTON	2
ALLEGHANY	1	GATES	1
ANSON	1	GRAHAM	1
ASHE	2	GRANVILLE	2
AVERY	2	GREENE	1
BEAUFORT	1	GUILFORD	3
BERTIE	1	HALIFAX	1
BLADEN	1	HARNETT	2
BRUNSWICK	3	HAYWOOD	3
BUNCOMBE	3	HENDERSON	3
BURKE	1	HERTFORD	1
CABARRUS	3	HOKE	2
CALDWELL	1	HYDE	1
CAMDEN	1	IREDELL	3
CARTERET	3	JACKSON	2
CASWELL	1	JOHNSTON	3
CATAWBA	2	JONES	1
CHATHAM	3	LEE	2
CHEROKEE	2	LENOIR	1
CHOWAN	2	LINCOLN	3
CLAY	1	MACON	2
CLEVELAND	1	MADISON	2
COLUMBUS	1	MARTIN	1
CRAVEN	2	MCDOWELL	1
CUMBERLAND	1	MECKLENBURG	3
CURRITUCK	2	MITCHELL	1
DARE	2	MONTGOMERY	1
DAVIDSON	2	MOORE	3
DAVIE	2	NASH	2
DUPLIN	1	NEW HANOVER	3
DURHAM	3	NORTHAMPTON	1
EDGECOMBE	1	ONSLow	2
FORSYTH	3		

\*\*The rules and fee schedule adopted under the state historic rehabilitation tax credit program apply to the state mill rehabilitation tax credit program.